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## CHAPTER 4. PROJECT PROCESSING

### 4-1. FILING AN APPLICATION.

A.Preapplication Conference. The MHD is the point of contact with the sponsor, and will schedule project processing in one, two, or three stages. At the initial interview, the sponsor should be prepared to discuss in general terms the demand for type of development proposed, the extent of competition with other projects, the vacancy rates in similar developments within the same market area, and his/her plans for developing a management plan. This conference is mandatory.

B.Sponsorship. The financial capability, reputation, experience and ability of the sponsor will be analyzed to ascertain whether he/she has the cash necessary to complete it. HUD will not proceed with a project which is obviously risky because of the sponsor's lack of experience, ability, or required financial resources.

C.Market and Marketability. The sponsor must be prepared to discuss the need for the project in the specific area as it relates to proposed rentals, composition, unit sizes, and to overall current and anticipated supply/demand conditions in the market area. The FO should provide the sponsor with any readily available data and information on market conditions.

D.Building and Site Plan Suitability. The general design concept will be discussed, including the number and placement of buildings on the site and composition of units, as well as the location and extent of parking and recreational facilities. A registered design professional is required on all elevator projects and other projects with 16 or more units. To perform the design services on complete projects successfully, the architect will be expected to consult with the engineers and planners of his/her choice.

### 4-2. STAGES OF PROJECT PROCESSING.

A.Single-Stage Processing. The sponsor provides at the first submission all necessary exhibits conforming to HUD requirements.

(4-2) B. Multiple-Stage Processing. The sponsor may be unable to satisfy all of HUD's requirements in the first submission. In this instance, the sponsor will go through two or three stages - the first leading to a feasibility or SAMA letter, the second leading to a conditional commitment, and the third to a firm commitment.

C.Application Acceptance Meeting. The purpose of this meeting is to ensure that the application received is complete and acceptable for processing. Only projects with complete applications should be accepted. Projects with incomplete or poorly prepared applications should be returned.

4-3. APPLICATION EXHIBITS - NEW CONSTRUCTION.

A.Site Appraisal and Market Analysis (SAMA).

1.Form HUD-92013 completed as follows:

a.Page 1 in its entirety

b.Page 2, Section G, Item 46, Land (Estimated Market Price of Site)

c.Page 3, Sections K, L and M.

2.Sketch plan of the site showing the development of the site including: location of proposed buildings, streets, parking areas and drives, and service and recreation areas.

3.Evidence of permissive zoning or evidence that rezoning is likely before submission of a firm commitment application.

4.Location map.

5.Legal description of the property.

6.Documentary evidence of title to the site or a copy of the site option agreement, contract of sale or other legal commitment for the site.

7.Form HUD-92010 Equal Employment Opportunity Certification.

8.Evidence of last arm's length sale and price.

elderly and handicapped projects only.

10. Form HUD-93433 - Request for Determination of Eligibility of Nonprofit Sponsor and/or mortgagor, if applicable - including financial statements.

11. Form HUD-92530 - Previous Participation Certificate, for all principals.

12. Certification of Compliance with EO 12372 and copy of SF 424.

13. Any environmental data, reports, etc., pertaining to the site and this proposal.

B. Conditional Commitment. (See note in paragraph 2-2C.)

1. Form HUD-92013 completed in its entirety.

2. Architectural exhibits - schematics. See Handbook HUD 4460.1 REV-1.

3. Items 3, 4, 5, 6, 7, 8, 9 (if applicable), and 11 in paragraph 4-3. A, above.

4. Form HUD-92013 Supplemental-Application - Project Mortgage Insurance (Supplement to Form HUD-92013 - For each principal and general contractor, if known).

5. Financial statements for each principal and general contractor, if known.

a. Individuals must submit Form HUD-92417, Personal Financial and Credit Statement or equivalent.

b. Partnerships and corporations must submit the following separate statements and supporting documents for the last 3 years or the length of existence, if less than 3 years, signed by an officer of the organization.

(1) Balance sheet

(2) Income and expense statement

(3) Statement of changes in equity

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(4) Supporting schedules (such as aging of receivables)

(5) Combined or consolidated statement(s)

(6) Other financial data to determine the financial responsibility and capacity of the sponsorship and/or general contractor

(7) The following certification: "I hereby certify that the foregoing figures and the statements contained here, submitted to obtain mortgage insurance under the National Housing Act, are true and give a correct showing of my financial condition as of this date."

6. Personal and commercial credit report current within 30 days of the application date, on the following:

a. The mortgagor entity, if formed.

b. All general partners, limited partners with a 25 percent or more interest, stockholders with a 10 percent or more interest and officers of the corporation.

c. Business concerns in which a sponsor, principal of the mortgagor entity, or general contractor serves as a general partner, limited partner with a 25 percent or more interest, stockholder with 10 percent or more interest or an officer of a corporation.

7. Affirmative Fair Housing Marketing Plan (Form HUD-935.2. See Appendix 4 of Handbook 8025.1 REV-1, Implementation of Affirmative Fair Housing Marketing Requirements Handbook).

8. Owner/architect agreement (Use AIA Document B181).

9. Grant and/or loan commitment letter (if applicable).

10. Revised exhibits for any item submitted in previous stages of processing if changes warrant a revision.

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(4-3) 11. Response to all environmental conditions contained in SAMA letter.

C. Firm Commitment.

1. Form HUD-92013 completed in its entirety.
2. Evidence of permissive zoning.
3. Final architectural exhibits - final. See HUD Handbook
- 4460.1 REV-2.
4. Form FHA-2328 - Contractor's and/or Mortgagor's Cost Breakdown.
5. Form FHA-2457 - Final surveyor's Report and land survey.
6. Management exhibits.
7. Items 4, 5, 6, 7, 8 and 9 (if applicable) in paragraph 4-3.A above.
8. Items 4, 5, 6, 7, 8, and 9 (if applicable) in paragraph 4-3.B above.
9. Revised exhibits for any item submitted in previous stages of processing if changes or updating is warranted.

4-4. APPLICATION EXHIBITS - REHABILITATION PROJECTS. Applications proposing substantial rehabilitation may also be divided into as many as three stages, although processing can be limited to a single stage with all required firm commitment exhibits.

A. Feasibility Stage. In addition to the items required in paragraphs 4-3.A, 3, 4, 5, 6, 7, 8, 10, 11, and 9 (if applicable) above, submit the following:

1. Form HUD-92013 completed in its entirety.
2. Survey or site plan.
3. Drawings or sketches of existing project layout (floor plans and unit layouts in enough detail for review).

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(4-4) 4. Description of proposed rehabilitation (work write-up), showing the nature of the improvements for each basic element of the project (e.g., roof, exterior walls, porches and steps, interior walls, ceilings and floors, kitchen and bathroom facilities, mechanical equipment, landscaping, etc.).

Identifications of any potential or known environmental

hazards such as asbestos, transformers (PCB's), lead-based paint (LBP), above/ underground storage tanks, etc.

If alteration of existing building elevations, floor plans or unit layouts is proposed, provide sketches showing the post-rehabilitation changes.

5.Brief description of proposed post-rehabilitation management policies and procedures.

6.Information concerning planned displacement or relocation of project occupants.

B.Conditional Commitment Stage. (See Note in paragraph 2-2C.) Submit the following items in addition to a Form HUD-92013 completed in its entirety and those listed in paragraphs 4-3.A, 4, 5, 6, 7, 8, 9, and 10 (if applicable) and paragraphs 4-3.B, 4, 5, 6, 7, 8, 9 (if applicable), and 10:

1.Detailed work write-up showing the specific nature and extent of the improvements for each basic element of the project, e.g., roof, exterior walls, porches and steps, interior walls, ceilings and floors, kitchen and bathroom facilities, mechanical equipment, landscaping, etc.

If alteration of existing building elevations, floor plans or unit layouts is proposed, preliminary drawings and specifications reflecting the post-rehabilitation changes must be provided.

2.Cost breakdown showing the estimated cost of each of the improvements described in the work write-up.

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(4-4) C. Firm Commitment Stage. Same as requirements of paragraph 4-3.C except that the architectural exhibits must include the final work write-up, and drawings and specifications, if required.

4-5.DELEGATED PROCESSING. The Delegated Processing (DP) Program complements the Department's full insurance processing mechanism by augmenting FO staff capacity to help prevent and eliminate processing backlogs and bottlenecks. It will enhance the Department's ability to provide timely, high quality application processing and to maintain a steady supply of multifamily rental housing while expanding affordable housing opportunities.

4-6.TECHNICAL DISCIPLINES CONTRACTS. The Technical Disciplines

Contracts (TDC) Program complements the Department's architectural, engineering, cost and valuation review processes by augmenting FO staff capacity to help prevent and eliminate review delays, backlogs and bottlenecks.